

Auth: National School Lunch Act, 1946
Completion Required
(04/03)

2002/2003 Year End Report

School Meals Program

School Lunch, Breakfast, Afterschool Snack and Special Milk

Make a copy of this form for your files. Return original to the address indicated above by the following deadline:

Final Due Date: July 21, 2003

Date Report Amended: _____

REVENUE AND BALANCE (Report Whole Dollars Only)

1. BEGINNING BALANCE (balance from last year's audit report)		\$.00
2. School Meals Program Revenue (student payments for Meals/Milk)	\$.00	
3. A la Carte Revenue	\$.00	
4. Catering Revenue	\$.00	
5. Federal Revenue (reimbursement)	\$.00	
6. State Revenue		
31d School Lunch: 2003 Total Revenue	\$.00	
2002 Prior Year Adjustment (+ or -)	\$.00	
State Supplemental:		
2002 Breakfast Payment	\$.00	
7. Fund Modifications (+ or -)	\$.00	
8. Miscellaneous	\$.00	
9. TOTAL REVENUE (sum of lines 2 through 8)		\$.00
10. Total Funds Available (line 1 plus line 9)		\$.00
11. Expenses (back of form, cell A10)	\$.00	
12. Capital Outlay	\$.00	
13. Total Expenditures (line 11 plus line 12)		\$.00
14. ENDING BALANCE (line 10 minus line 13)		\$.00
Certification: I certify that the information submitted on this report is true and correct to the best of my knowledge.		
Contact Person:		Telephone Number:
Signature of Superintendent or Authorized Official:		Date:

COST ALLOCATION

National School Lunch, Breakfast, Afterschool Snack and Special Milk Programs

School Year 2002/03

Total Cost			Cost Categories	Total Cost Allocation					
Paid From Food Service A	Paid From Other Funds B	Total Cost Columns (A + B) C	Allocate Totals from Column C to applicable programs in Columns D – I (Round to the nearest whole dollar)	School Lunch Program D	Special Milk Program E	School Breakfast Program F	Afterschool Snack Program G	A la Carte H	Catering & Other Functions I
			1. Salaries (Food Service Related)						
			2. Employee Benefits						
			3. Contract Services (Not Utilities)						
			4. Transportation Supplies						
			5. Supplies and Other Materials						
			6. SUBTOTAL						
			7. Indirect Cost (Rate x Line 6)						
			8. Depreciation						
			9. Food Cost						
			10. Total Cost (Sum of Lines 6-9)						
			11. Total Number of Reimbursable Meals Served This Year						
			12. PER MEAL COST (Line 10 ÷ Line 11)						

Instructions
for
2002/2003 Year End Report
School Meals Program
School Lunch, Breakfast, Afterschool Snack, and Special Milk
SM-4012-A

Final Due Date: July 21, 2003

Following the completion and certification of the Year End Report,
make a copy for your files. Return the original form to:

Michigan Department of Education
Office of School Support Services / Food and Nutrition Program
P.O. Box 30008, Lansing, MI 48909
608 West Allegan Street, Lansing, MI 48933

Direct questions regarding this form to 517/373-8642

Year End Report for School Meals Program

Report revenue and costs for School Year 2002/2003, July 1, 2002 - June 30, 2003.
Round all figures up or down to nearest dollar.

Revenue and Balance (Front of Report)

1. Beginning Balance

Enter the balance of the food service fund from last year's audit report.

2. School Meals Program Revenue

Enter the total amount of revenue (cash) received from **student** payments. This includes Paid and Reduced Price breakfasts, lunches, and afterschool snacks and student payments for Special Milk.

3. A la Carte

Enter all revenue received this year from food sales in the dining area or school that is **not** from reimbursable meals or *Catering and Other Functions*. Revenue for A la Carte may include: adult meals, extra portions, a la carte milk sales, and other miscellaneous food items.

4. Catering and Other Functions

Enter all revenue from catering functions, selling food items to other organizations or **acting as a vendor** to other food programs (e.g. Summer Food Service Program). Revenue from special event meals, banquets and the Summer Food Service Program is included in this category.

Note: For those schools **acting as a sponsor** of a Summer Food Service Program, revenue will need to be reported on the "Summer Food Service Program Claim for Reimbursement" report submitted to USDA and should not be reported on the 2002/03 Year End Report.

5. Federal Revenue

Enter the total amount of reimbursement revenue earned from the **School Lunch, Breakfast, Special Milk and Afterschool Snack Programs**. This is the total amount earned from your monthly claims.

Note: For those schools who received a status report entitled, "Breakfast Payment Reconciliation for School Year 2002", subtract that amount from the total reimbursement you received. This status report was dated November 18, 2002.

6. State Revenue:

31d - Current Year Allowances and Prior Year Adjustments

Non-Public Schools:

Report zero for Item 6 since state revenue is not received by non-public schools.

Public Schools:

Enter the **total 31d school lunch payment for 2003**, which is part of the State Aid Payment. The total that will be received for 2003 is listed on the State Aid Financial Status Report under “**Current Year Allowances - Amount**” as **31d School Lunch**.

The adjustments are listed under **Prior Year Adjustments - Amount** as: 31d 2002 School Lunch. This adjustment may be positive or negative. Use parenthesis () to identify a negative adjustment.

The State Aid Financial Status Report can be accessed at the following address:
<http://www.state.mi.us/mde/cfdata/statusreports.cfm>

State Supplemental Breakfast Payment:

If applicable, enter the amount received for the Supplemental Breakfast Payment which was paid in January 2003. This status report was dated January 21, 2003.

7. Fund Modification (+ or -)

Enter the amount of money added to or taken out of the food service fund. There are very strict definitions of the allowed transfers (See **Fund Modification in Related Topics**).

8. Miscellaneous

Enter amounts of money added to or taken out of the food service fund that are of a minor or occasional nature. Include any interest earned on the food service account.

9. Total Revenue

Calculate the total of Lines 2 through 8. **Be sure to subtract negative adjustments when calculating the total.** This is the total revenue for the year.

10. Total Funds Available

Enter the total of Line 1 and Line 9.

11. Expenses

Enter the total costs charged to the food service fund for the entire food service program on Line 11. See Cell A10 on the back of the form.

12. Capital Outlay

Enter expenditures for equipment purchases for this year that exceeded \$5000 per item. See **Developing a Depreciation Schedule** in *Related Topics*.

13. Total Expenditures

Enter the sum of Lines 11 and 12.

14. Ending Balance

Line 10 minus line 13.

Certification

Enter the name and telephone number of the contact person for questions regarding this report. Enter the date and signature of the authorized official.

Cost Allocation (Back of Report)

Purpose and Overview

The purpose of the table is to identify all costs to the food service program. Costs paid by the Food Service are reported in Columns A. Costs paid by other funds, such as the general fund, are reported in Column B. These are totaled and reported in Column C.

Columns D through I are used to allocate costs to each program.

Finally, a per meal cost amount is calculated for lunch and breakfast. The Per Meal Cost (Line 12) is calculated by dividing the Total Cost (Line 10) by the Total Number of Reimbursable Meals Served (Line 11).

The process of allocation is important because the per meal costs determine whether a food service program (public schools only) will receive a State Supplemental Payment and/or retain the federal Severe Need reimbursement for breakfast. See **Allocation of Cost** in *Related Topics*.

The discussion of categories of cost follows the definition of Columns A through I.

The Columns

Round all figures up or down to nearest dollar EXCEPT for Per Meal Cost.

TOTAL COST - Columns A, B and C:

Column A:

Enter costs paid from the Food Service Fund.

Column B:

Enter costs paid from other school funds. Any costs absorbed by the district for food service belong in this column. Typical costs may include a portion of trash hauling, pest control, data processing services and supervision.

Do not list any costs in Column B which are used to calculate the Indirect Cost reported in Column C. Check with your business official to identify Indirect Costs reported on Form B to avoid duplication of costs.

Column C:

Enter the sum of Column A and Column B for Lines 1-6.

See instructions for Lines 7-10.

TOTAL COST ALLOCATION - Columns D through I:

These columns are used to report the costs for each separate operational center.

- Each represents a different function.
- Columns D, E, F and G are all USDA funded reimbursable programs.
- Columns H and I are auxiliary operations.

Column D - Lunch Program:

Costs allocated to the National School Lunch Program.

Column E - Special Milk Program:

Costs allocated to the Special Milk Program. See **Special Milk** in *Related Topics*.

Column F - Breakfast Program:

Costs allocated to the National School Breakfast Program.

Column G - Afterschool Snack Program:

Costs allocated to the Afterschool Snack Program.

Column H - A la Carte:

Costs allocated to the non-reimbursed portion of the food service operation. This includes any prepared food sold in or around the dining facility that is not a reimbursable meal such as: extra servings sold, adult meals, snacks, vended foods and a la carte milk sold to students who carry bag lunches.

Column I - Catering and Other Functions:

Costs allocated to the preparation and service of food in locations and at times other than school meals. Trays of food sent to staff meetings, meals provided for board meetings, meals sold to Head Start, Senior Feeding or a Summer Food Service Program are all examples of catered functions.

Note: For those schools **acting as a sponsor** of a Summer Food Service Program, cost will need to be reported on the "Summer Food Service Program Claim for Reimbursement" report submitted to USDA and should not be reported on the 2002/03 Year End Report.

The Lines

COST CATEGORIES:

Line 1. Salaries

Salaries earned by staff who are directly involved with the food service program. Prorate salaries of staff who perform other duties in addition to food service.

Line 2. Employee Benefits

Benefit costs for staff who are directly involved with food service program. Prorate benefits of staff who perform other duties in addition to food service.

Line 3. Contract Services

Costs for services provided by outside sources. Examples include, but are not limited to, food service management fees, trash removal, linen service, pest control, data processing services, and equipment repair.

Note: The contract services line indicates that utilities should not be part of this cost category. **However, utility cost can be recorded under contract services as long as this cost is not included in the Unrestricted Indirect Cost Rate. If utility cost is**

included in the Unrestricted Indirect Cost Rate, then utility cost cannot be recorded as a direct cost under contract services. School Food Service Programs who are being charged directly for their utility cost must have documentation available to show how the school is determining this cost for their program. This documentation could include an actual meter reading or a utility usage study.

Line 4. Transportation Supplies

Costs of operating a vehicle used in transporting meals and food throughout the district. Typical costs are gas, oil, tires, and tune ups.

Line 5. Supplies and Other Materials

Costs of non-food items. This includes cleaning supplies, paper goods, small equipment (less than \$5,000), or other items necessary to operate the food service program.

The following equation may be used to determine the cost:

Beginning Inventory (plus) Purchases (minus) Ending Inventory (equals) Cost.

Using this equation may be extra work for small food service operations. Therefore, using the total amount of purchases in allowable.

Line 6. Subtotal

For each Column A-I, add Lines 1 through 5. Enter the total for each on Line 6.

Line 7. Indirect Cost

For Columns C-I, multiply Line 6 by the unrestricted indirect cost rate and enter in Line 7.

- The maximum unrestricted indirect cost rate allowed for public schools is **15%**. If the school's approved unrestricted indirect cost rate is lower than the maximum rate allowed, then the school must use this rate when determining the amount of indirect cost entered on line 7 for columns C-I.
- The maximum unrestricted indirect cost rate for non-public schools is **12%**.
- Food service programs *charged* for indirect cost must also list that charge in Cell A7 (in the shaded area). See **Indirect Rate** in *Related Topics*.

Line 8. Depreciation

For Columns C-I, enter the amount of annual depreciation. This includes depreciation for food service equipment, vehicles and computer systems. See **Developing a Depreciation Schedule** in *Related Topics*.

Line 9. Food Cost

In Columns A-I, when applicable, enter the amount of food cost incurred for the entire food service operation. Adjust cost for rebates or resold items.

Do not enter total purchases; use the following equation:

Beginning Inventory (plus) Purchases (minus) Ending Inventory (equals) Food Cost

Note: The ending inventory will become next year's beginning inventory.

Line 10. Total Cost

Total Lines 6 through 9 in all applicable columns. Enter on Line 10.

Line 11. Total Meals Served

Enter the total number of reimbursable meals served this school year in the appropriate column: Column D for Lunch and Column F for Breakfast. If you use status reports to determine the total number of meals claimed for the year:

- Add the number of servings listed next to "TOTAL" for lunch from each status report. Enter this total in Column D.
- Add the number of servings listed next to "TOTAL" for breakfast from each status report. Enter this total in Column F.

Do not add in the amounts listed next to "Reduced" and "Free" as they are included in the "Total" amount.

Line 12. Per Meal Cost

Divide the Total Cost, Line 10 by the Total Number of Reimbursable Meals Served, Line 11, for Column D (Lunch) and Column F (Breakfast). **Do not round this amount, use dollars and cents.**

Related Topics

Year End Report for School Lunch, Breakfast, Special Milk, Afterschool Snack

SM-4012-A

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Use of the Year End Report

Michigan Department of Education

The Michigan Department of Education (MDE) has five mandated uses for the data collected on the Year End Report. Two are based on federal regulation; the other three are for calculating state payments.

- USDA requires that the ending balance of the food service fund does not exceed three months of operating cost. MDE compares the ending balance (Line 14, Revenue) with **Total Cost**, Cell C10, on the back of the form. Districts that have a large balance will be asked to develop a plan for reducing it to an acceptable level during the following school year.
- USDA funds breakfast at a higher reimbursement rate in school buildings that are eligible for **Severe Need**. That higher rate is paid each month for the meals claimed. However, when reconciled, if a district has a cost per breakfast less than the severe need rate which it received, some funds will be taken back. The funds will be recovered back to the cost as indicated on the Year End Report or the standard free rate for breakfast, whichever is greater. **Cell F12** will indicate whether the severe need rate has been justified. Public and non-public schools as well as Residential Child Care Institutions (RCCI) are affected by this calculation.
- The State of Michigan makes supplemental payments to **public** schools for the mandated lunch and breakfast programs. The calculated state supplemental payment for lunch is no longer issued as a separate payment. It is part of the Section 31d state aid payment which is paid over eleven months (October through August). The lunch cost, Cell D12, is compared with the federal reimbursement rate for free and reduced lunches. Districts receive additional funds when their cost per meal exceeds this rate. Prorated payments from the State of Michigan (up to 5¢ for each free lunch and 2¢ for each reduced price lunch) will be made only if costs exceed the federal reimbursement rate.
- Currently, the state supplemental breakfast payment is issued separately. The calculation for determining payment includes the revenue received for the breakfast program as well as the cost of producing a breakfast, which is reported in Cell F12.
- State supplemental payments are only made when they can be justified by cost. Supplemental lunch payments will be made when cost exceeds federal reimbursement. Supplemental breakfast payments will be made when several criteria are met, including when cost exceeds all sources of revenue into the program.

In addition to the required uses of the Year End Report, MDE consultants will use your report as a preliminary tool when providing technical assistance. MDE also publishes a compilation of all the Year End Report data each fall so that general comparisons can be made between districts (See **Use of the Year End Report by District**).

Note: Non-public schools are not mandated to serve breakfast or lunch and are therefore not eligible for state supplemental payments.

Districts

The report can be used by a district to track the progress of the food service program throughout the year. The form could be adapted for use on a weekly, monthly, or quarterly basis. It could also be used to compare year to year results or to make comparisons with similar districts.

Revenue varies year to year and is an indicator of the economic status of the students and/or how well the food service is being marketed. A study of total revenue may obscure the importance of the types of revenue. A district with historic reliance on high A la Carte sales may suffer greatly and quickly in an economic downturn.

Districts should look at indicators like Food Cost % and Labor Cost % to compare periods with different revenue.

Calculation of Food Cost and Labor Cost percentages shown below is followed by a brief matrix of what the indicators mean.

Example:

Revenue from Revenue and Balance line 9.	\$133,450
Food Cost from Allocation of Cost Cell C9.	\$ 42,222
Labor Cost from Allocation of Cost Cell C1 + C2	\$ 61,345

Labor Cost %
 $\$42,222 \div \$133,450 = 31.6\%$

Food Cost %
 $\$61,345 \div \$133,450 = 45.9\%$

Condition	Scenario
Labor cost % is increasing	Revenue is decreasing. Labor cost is going up due to raises in salaries or benefits. Hours are increasing while revenue is not increasing accordingly. Combination of above.
Labor cost % is larger than 50%	Revenue is too low. Labor hourly rates are above state averages. Hours are above the state averages. Combination of above.
Labor cost is less than 30%	There is an extreme reliance on convenience foods. There is a very efficient staff. There is a low labor market. There is an error in your report.
Food Cost % is increasing	More reliance on convenience foods. A shift from purchases of school lunch/breakfast to A la Carte items. Decreasing control of preparation or serving staff. Intentional increase in quality or quantity of foods served. Food prices are rising faster than revenue.
Food Cost % is above 45%	High reliance on convenience foods. Food waste is high. Portioning is not being emphasized. High reliance on A la Carte sales. Purchasing needs improvement. District is remote and/or small.
Food Cost % is below 30%	High level of self preparation of food. High use of commodities. Creative menus. Below normal levels of high quality or costly foods.

Accrual Accounting

Accrual accounting is a method of applying cost and revenue to the proper period. The method is used so a simple profit and loss calculation can be done accurately. In the case of revenue, schools operate primarily on a cash basis, so the revenue as collected usually falls into the proper year. The exception to this is districts that have significant advance sales such as debit card systems. Costs too are generally applied in the period in which they are paid with the exception of large inventory items like food. Use of accrual methods will give a more accurate “snapshot” of a particular year. Actual revenue earned in a year can be compared to the cost of earning that revenue.

Revenue and Balance (Front of Report)

Special Milk vs A La Carte Milk Revenue

Special Milk

This USDA program only provides funding for the service of milk to split-session kindergarten or pre-school children who have **no meal program** available.

- When breakfast is implemented in a school system the Special Milk program is not available to A.M. kindergarten.
- P.M. kindergarten may be eligible for Special Milk if lunch is not available to any of the kindergarten students.

A La Carte

Milk sold to students (who carry their lunch or buy an extra milk with their school meal) is considered a la carte. The cost and income of milk sales are included in the A La Carte program.

Fund Modification – Line 7

Often food service account balances are too small to begin each year and balances are adjusted with advances from the general fund. Occasionally, food service funds slip into deficit and receive transfers from the general fund to remove the deficit. Advances to the food service accounts can be returned to the general fund but transfers **cannot**. Care must be taken in documenting whether funds from the general fund were defined as advances (temporary) or transfers (permanent). The (+ or -) fund modification line on the yearly report records only the amount of net change. **The district must maintain documentation of any fund modifications.**

The net effect of funds in and out of the food service account should be shown on line 9 of the **Revenue and Balance** part of the Year End Report. Use parenthesis () to designate negative numbers.

Cost Allocation (Back of Report)

Indirect Rate – Line 7

Indirect costs are costs that cannot be tied to a specific area of operation. The heating of the school, plowing of the parking lot, and custodial care of general traffic areas are of benefit to each operation in the school.

The indirect cost rate is an attempt to give districts a method to assign costs to each area fairly. Districts receive their preliminary indirect cost rate on RO 418 from the Office of Budget of MDE each year and adjust it for changes. The changes result in a calculation of two indirect cost rates, the restricted and the unrestricted. School food service should use the **Unrestricted Rate**. The rate is applied against fixed and semi-variable costs as represented by **Cell C6 (Subtotal)** on the Year End Report in the **Program Cost** section. Any cost represented in the indirect cost rate must **not** be shown in Column B. Custodial costs included in the calculation of the indirect rate could therefore **not** be shown in column A or B as salaries.

Districts which “charge” the food service fund for indirect cost must show them in the shaded section in Column A and hence reduce the food service fund. Use of the rate only in Column C effectively caps the cost attributable to food service and Cell C6 must not exceed the cap. **If the unrestricted rate exceeds 15% for public schools, use 15%. If the unrestricted rate exceeds 12% for private schools, use 12%.**

Developing a Depreciation Schedule – Line 8

Depreciation divides the cost of capital goods of more than \$5000 value into the number of years of its life. Food service equipment is depreciated over twelve years. Divide cost, including delivery and installation, by 12 to find the amount to “charge” each year. Heavy vehicles use six years (divide by 6), light vehicles use four years (divide by 4) and electronics, like computers, use 5 years (divide by 5).

Enter each depreciation amount on the schedule, total them and use this amount on each Year End Report until something is added or taken from the schedule. When the amount changes use it until another change is made.

Depreciation Schedule Example

Equipment/Vehicle or Electronics	Cost	Date of Purchase	Depreciation Value	Date of Expiration
Delivery Van	\$11500	11/8/00	\$2,875.00	11/8/04
Convection Oven	\$7000	8/16/93	\$583.33	8/16/05
Total (use each year)			\$3,458.33	

Food Cost and Inventory – Line 9

See the example below in which an accrual accounting procedure (inventory adjustment) is contrasted with non-accrual in calculating food cost.

Food Purchases	\$20,500
Beginning Food Inv.	\$ 900
Ending Food Inv.	\$13,300

Accrual Method	Non-Accrual Method
Food Cost: Beginning Inv. \$ 900 + Purchases \$20,500 - Ending Inv. <u>\$13,300</u> Food Cost \$ 7,100	Food Purchases shown as Food Cost: <div style="text-align: center;">\$20,500</div>

Using food purchases (non-accrual method) will greatly overstate food cost in years in which inventory is growing. Conversely, in the years in which inventory is being used there will be fewer purchases and food cost will appear low. Typically, districts that make this error have high food costs in one year followed by low food costs the next year.

Inventory

Inventory should be taken of all food items at least monthly. The food inventory should be used to order food and to monitor inventory turnover. Only the ending inventory needs to be **priced** (extended) each year and used in the cost of goods calculation as demonstrated above. A shortened version of an inventory form follows. It is easily converted to an electronic spreadsheet.

Inventory Form Example

Check if Commodity	Food	Pack	Purchase Price/Case	# of Cases	# of Indiv. Units	Value
					Total Value	

To calculate the value, multiply the case price by the number of cases. When quantities are part of the case, proportional pricing should be done.

Example:

Price per case of Peaches (6 #10 cans) \$26.45

Count: 5 cases 4 cans

$\$26.45 \times 5 = \132.25 plus $\$26.45 \times 4/6 = \$17.63 \rightarrow \rightarrow$ **\$149.88**

For purchased food use the most current price. For commodities use the “cost of delivery and processing” as charged by the distribution warehouse.

Each Summer the auditors will request your inventory. The only difference from your closing inventory (June 30) is that the commodity portion will be valued at the market value as published in *Food Scoop* from MDE. However, the market value must **never** be used when calculating food cost for the Year End Report.

The calculation method used for determining food cost may be used for **Supplies and Other Material** costs. This will provide more accurate Year End Report data.

Allocation of Costs – Columns D through I

After all the cost data (Columns A & B) is entered in the **Program Cost** section of the Year End Report, report totals into Column C. Column C shows the total cost of all operational centers in the food service; School Lunch, Breakfast and A la Carte.

To obtain the cost per meal (see **Use of Year End Report by MDE** in the *Related Topics*) a method must be used to assign cost into the operational centers. The Salary and Benefits (Lines 1 & 2) should be allocated based upon a labor study (see **Labor Study Example**). The Food Cost (Line 9) should be allocated based on the proportion of purchases used in each operational center (See **Food Cost Study Example**). The remaining lines should be allocated based on an average of labor and food cost (See **The Remaining Cost**). Study the examples that follow.

Labor Study Example

Distribute notebooks or forms to the employees on which they will record the amounts of time they spend in each operational area for at least a week. Add all of the hours for each operational area and divide each by the total hours. The resulting percentages are applied against Cells C1 & C2 (Salaries and Benefits)

The following is an example of a form an employee may use to record their time working in food service.

Elm St. School – Marie Jones

Day	School Lunch Program	Special Milk Program	School Breakfast Program	Afterschool Snack Program	A la Carte	Catering	Total
Monday	4.0 hr.	1.0 hr.	.5 hr.	.5 hr.	.5 hr.		6.5 hr.
Tuesday	4.0 hr.		.5 hr.	.5 hr.	.5 hr.	1.0 hr.	6.5 hr.
Wednesday	3.5 hr.		.5 hr.	.5 hr.	1.0 hr.		5.5 hr.
Thursday	4.5 hr.	.5 hr.		.5 hr.	.5 hr.	.5 hr.	6.5 hr.
Friday	3.5 hr.			.5 hr.	.5 hr.		4.5 hr.
Total	19.5 hr.	1.5 hr.	1.5 hr.	2.5 hr.	3.0 hr.	1.5 hr.	29.5 hr.

Individual staff times can be compiled into a chart like the one below.

Labor Compilation Example

School	School Lunch Program	Special Milk Program	School Breakfast Program	Afterschool Snack Program	A la Carte	Catering	Total
Elm St.	19.5 hr.	1.5 hr.	1.5 hr.	2.5 hr.	3.0 hr.	1.5 hr.	29.5 hr.
Hill Elem.	20.0 hr.	1.0 hr.	2.0 hr.	3.0 hr.	3.5 hr.	2.0 hr.	31.5 hr.
Middle	42.5 hr.		4.5 hr.		7.0 hr.	3.5 hr.	57.5 hr.
Jr. High	38.5 hr.		3.5 hr.		12.5 hr.	7.0 hr.	61.5 hr.
High	22.5 hr.		3.0 hr.		28.0 hr.	12.5 hr.	66.0 hr.
Total	143.0 hr.	2.5 hr.	14.5 hr.	5.5 hr.	54.0 hr.	26.5 hr.	246.0 hr.

After the Labor Compilation is completed, calculate the **Labor Cost Percentage**. Use the following formula:

$$\text{Operational Center Hours} \div \text{Total Labor Hours} = \text{Labor Cost \%}$$

Labor Cost Percentage Example

Hr ÷ Total Hr = %	143 ÷ 246 = .581	2.5 ÷ 246 = .010	14.5 ÷ 246 = .059	5.5 ÷ 246 = .022	54 ÷ 246 = .220	26.5 ÷ 246 = .108
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Care should be used when calculating labor percentages. If the week recorded was not typical, some judgment should be made to adjust actual hours to something more realistic. The labor cost percentages will be applied to total salary (See **Applying the Results of Labor and Food Cost Studies**).

Food Cost Study Example

Review food invoices for a representative period. The period should reflect all typical deliveries. Commodity invoices should also be used with the price of the items based upon the cost of processing and/or delivery. Highlight or use other ways of identifying food items used only in certain areas (i.e. Lunch, A la Carte). Decide on a reasonable proportion of the cost of items that are used in more than one area and pencil in that cost as shown in the example below:

Example: Flour Purchases: \$54.50

Estimated use rate: Lunch 60% Breakfast 10% A la Carte 20% Catering 10%

The assignment of cost:

Lunch: \$32.70 Breakfast: \$5.45 A la Carte: \$10.90 Catering: \$5.45

Food purchases by operational center would be compiled into a chart like the one below. Calculate the Food Cost Percentage.

Food Cost Compilation Example

	School Lunch Program	Special. Milk Program	School Breakfast Program	Afterschool Snack Program	A la Carte	Catering	Total
Purchases	\$14,320	\$879	\$1,240	\$940	\$9,755	\$3,267	\$30,401

After the Food Cost Compilation is completed, calculate the **Food Cost Percentage**. Use the following formula:

$$\text{Operational Center Food Purchases} \div \text{Total Food Purchases} = \text{Food Cost \%}$$

Food Cost Percentage Example

\$ ÷ Total \$ = %	14320 ÷ 30401 = .471	879 ÷ 30401 = .029	1240 ÷ 30401 = .041	940 ÷ 30401 = .031	9755 ÷ 30401 = .321	3267 ÷ 30401 = .107
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Applying the Results of Labor and Food Cost Studies

Make a copy of the back of a blank Year End Report. In each Cell from D1 to I1 and D2 to I2, write the corresponding labor cost percentages. In each cell D9 to I9 write the corresponding food cost percentages.

	Total Cost C	School Lunch Program D	Special Milk Program E	School Breakfast Program F	Afterschool Snack Program G	A la Carte H	Catering I
1. Salaries		.581	.010	.059	.022	.220	.108
2. Benefits		.581	.010	.059	.022	.220	.108
3. Contract							
4. Transp.							
5. Supplies							
6. Subtotal							
7. Indirect							
8. Deprec.							
9. Food Cost		.471	.029	.041	.031	.321	.107
10. Total							

For determining the cost % for Lines 3-5 and Line 8 of Columns D-I. Use this formula:

Line (1 + 9) ÷ 2 = % for Lines 3-5 and Line 8.

Example of Determining Lines 3-5 and Line 8 Cost Percentages

$.581 + .471$ ÷2	$.010 + .029$ ÷2	$.059 + .041$ ÷2	$.022 + .031$ ÷2	$.220 + .321$ ÷2	$.108 + .107$ ÷2
.526	.019	.050	.027	.271	.107

Remaining Cost

Enter the percentages into the applicable cells.

	Total Cost C	School Lunch Program D	Special Milk Program E	School Breakfast Program F	Afterschool Snack Program G	A la Carte H	Catering I
1.Salaries		.581	.010	.059	.022	.220	.108
2.Benefits		.581	.010	.059	.022	.220	.108
3.Contract		.526	.019	.050	.027	.271	.107
4.Transp.		.526	.019	.050	.027	.271	.107
5.Supplies		.526	.019	.050	.027	.271	.107
6.Subtotal							
7.Indirect							
8.Deprec.		.526	.019	.050	.027	.271	.107
9.Food Cost		.471	.029	.041	.031	.321	.107
10.Total							

Multiply Total Costs in Column C by the percentages in each cell to determine the cost allocations.